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SUMMARY

Agenda Item: D.12

France

ESTABLISHMENT OF A PETROCHEMICAL INDUSTRY IN THE DEVELOPMENT COUNTRIES

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No. 1299

ESTABLISMENT OF A PETROCHEMICAL INDUSTRY IN THE DEVELOPMENT COUNTRIES

D.12

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SUMMARY

Inexpensive and easy to transport, a raw material with many possibilities, petroleum is the origin of the rapid evolution of modern chemistry; thus, petrochemistry is of particular interest to those countries desirous of developing their industrial activity, increasing their wealth and standard of living, finally of conserving their foreign currency resources by reducing imports.

Neverthless, the petrochemical industry is governed by various particular factors which condition its establishment.

One of the most important factors is the determination of suitable economic size for the installation. This must not be lower than a certain value called the "minimum economic size", below which the cost price of the product is higher than the price at which it can be sold. This minimum size is a function of certain technical data which are valid irrespective of the location of the installation (material balance Sheet - thermic balance Sheet), but it depends also on certain set local conditions (cost of public utilities and manpower, of raw materials, distance to the country constructing the installations, distance to the country exporting the end-product) and also of certain optional conditions (method of financing, taxes on profits, period of amortization). The importance of these factors will be made more explicit by means of a complete study of an installation.

Another factor, which is characteristic of petrochemistry, the industrial complex, will be studied by means of a second example. This arises from the multiplicity of products deriving from the same chemical operation. In fact, because of the complexity of the raw material, it is not generally possible to obtain sufficient selectivity in the processing in order to

obtain the desired product, without also obtaining a large quantity of by-products which must be put to account. This obligation calls for new installations that increase investments and could cause certain difficulties in the general revenue of the operation.

These difficulties, which should not be disregarded, can be resolved if a detailed study plan is implemented which permits the choice of the best solution under the circumstances in question.

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